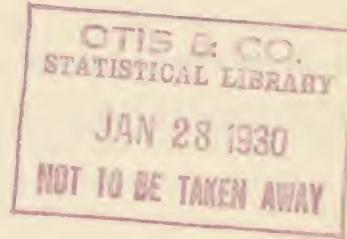


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ANNUAL REPORT

to

Stockholders



December 31, 1929

**MONTGOMERY WARD & CO.,
INCORPORATED**



BOARDS

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MONTGOMERY WARD

BALANCE SHEET (Compared with

ASSETS

December 31, 1928

December 31, 1929

Current and Working Assets:

Cash and Call Loans.....	\$13,942,737.52	\$37,492,165.35
Marketable Securities.....	596,147.00	311,048.00
Accounts and Notes Receivable (less reserve)....	17,005,828.33	22,401,703.65
Inventories of Merchandise and Supplies.....	59,762,945.44	67,145,033.65
Prepaid Spring Catalogue Costs, Insurance, Rents, etc.....	<u>1,889,910.64</u>	<u>1,869,775.27</u>
Total Current and Working Assets.....	\$ 93,197,568.93	\$129,219,725.92

Employees' Investment and Savings Plans:

Due on Common Stock sold Employees, 1928 and 1929 Plans	\$1,261,933.93	\$4,724,484.71
Common Stock on Hand.....	<u>— —</u>	<u>1,271,704.16</u>
	1,261,933.93	5,996,188.87
Investments—Affiliated Companies.....	1,472,704.16	606,886.07

Fixed Assets:

Equities in Subsidiary Property Corporations,
as per Balance Sheet attached:

Montgomery Ward Properties Corporation..	\$10,874,699.74	\$22,992,555.26
Montgomery Ward Section "C" Associates..	2,752,009.08	<u>— —</u>
Montgomery Ward Warehouse Company...	<u>3,472,928.36</u>	<u>— —</u>
	\$17,099,637.18	\$22,992,555.26

Land and Buildings (less depreciation)	7,310,104.72	6,776,039.32
Machinery and Equipment (less depreciation)....	7,291,678.31	14,235,522.94
Retail Store Leasehold Improvements, etc. (less depreciation).....	<u>2,981,576.47</u>	<u>7,784,774.77</u>

Total Fixed Assets.....	34,682,996.68	51,788,892.29
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\$130,615,203.70

\$187,611,693.15

D & CO., INCORPORATED

—DECEMBER 31, 1929
 December 31, 1928)

LIABILITIES	<i>December 31, 1928</i>	<i>December 31, 1929</i>
Current Liabilities:		
Notes Payable.....	None	None
Accounts Payable.....	\$11,543,531.12	\$ 6,348,746.50
Due Customers.....	2,898,711.66	2,819,324.41
Accrued Expenses, including General and Federal Taxes.....	<u>2,751,549.48</u>	<u>2,492,603.50</u>
Total Current Liabilities.....	<u>\$ 17,193,792.26</u>	<u>\$ 11,660,674.41</u>
 General Reserves	 1,906,910.06	 1,494,208.17
 Capital Stock:		
<i>Authorized</i> —		
Class "A"—\$7 per Share Cumulative: 205,000 shares having no par value. (On liquidation or dissolution receives \$100 per share)		
Common—No par value: 6,000,000 shares		
 <i>Issued</i> —		
Class "A"—205,000 shares no par value		
Common—No par value: 3,410,983 shares..... December 31, 1928.	65,916,595.08	127,663,740.08
4,620,768 shares..... December 31, 1929.	}	
 Earned Surplus	 45,597,906.30	 46,793,070.49
	 <u>\$130,615,203.70</u>	 <u>\$187,611,693.15</u>

We have audited the accounts of Montgomery Ward & Co., Incorporated, for the year ended December 31, 1929, and certify that the above Balance Sheet and accompanying Income and Surplus Accounts are in accordance therewith, and, in our opinion, correctly set forth the financial position of the Company as at December 31, 1929, and the result of its operations for the year to that date. Inventories of merchandise and supplies have been valued at cost or market, whichever was lower. All securities owned including Company's Stock under Employees' Investment Plan are carried at cost which is less than aggregate market.

ARTHUR YOUNG & CO.
Certified Public Accountants.

Chicago, Illinois, January 23, 1930.

MONTGOMERY WARD & CO., INCORPORATED

INCOME ACCOUNT

For the Years ended December 31, 1928 and 1929

	1928	1929
Net Sales.....	\$214,350,446.00	\$267,325,503.00
<i>Less:</i>		
Cost of goods sold, wages, operating, general and selling expenses, advertising and all administrative charges, including interest and general taxes.....	\$193,914,894.73	\$251,120,709.53
Depreciation on properties, leasehold improve- ments and equipment.....	<u>864,251.16</u>	<u>1,699,858.38</u>
	<u>194,779,145.89</u>	<u>252,820,567.91</u>
Net Profit (before Federal Income Tax)	\$ 19,571,300.11	\$ 14,504,935.09
Percentage to Net Sales.....	9.13%	5.43%
<i>Less:</i>		
Reserved for Federal Income Tax	<u>1,867,465.52</u>	<u>1,070,000.00</u>
Net Income.....	<u>\$ 17,703,834.59</u>	<u>\$ 13,434,935.09</u>

EARNED SURPLUS ACCOUNT

As at December 31, 1928 and 1929

	1928	1929
Balance at January 1st.....	\$ 35,680,257.61	\$ 45,597,906.30
Net Income for the year as above.....	\$ 17,703,834.59	\$ 13,434,935.09
<i>Less:</i>		
Dividends on Class "A" Stock.....	<u>1,427,818.00</u>	<u>1,427,818.00</u>
	<u>\$ 16,276,016.59</u>	<u>\$ 12,007,117.09</u>
<i>Less:</i>		
Dividends on Common Stock.....	<u>5,673,212.00</u>	<u>10,440,842.82</u>
	<u>\$ 10,602,804.59</u>	<u>\$ 1,566,274.27</u>
<i>Less:</i>		
Expenses incident to increase in Common Stock; and premium and other costs in connection with Retirement of Bonds of Subsidiary Companies.....	<u>685,155.90</u>	<u>371,110.08</u>
Balance added to Surplus.....	<u>9,917,648.69</u>	<u>1,195,164.19</u>
Balance at December 31st.....	<u>\$ 45,597,906.30</u>	<u>\$ 46,793,070.49</u>

Earnings per share on Common Stock outstanding at December 31st.

	1928	1929
On 3,410,983 shares.....	\$ 4.77	—
On 4,620,768 shares.....	—	\$2.60

RECORD OF NET SALES

Years ended December 31st

1929.....	\$267,325,503	1925.....	170,592,642
1928.....	214,350,446	1924.....	150,045,065
1927.....	186,683,340	1923.....	123,702,043
1926.....	183,800,865	1922.....	84,738,826

1921..... 68,523,244

MONTGOMERY WARD PROPERTIES CORPORATION

BALANCE SHEET *December 31, 1929*

ASSETS

Fixed Assets:

Land and Buildings (less depreciation)	\$22,992,555.26
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LIABILITIES

Equity of Montgomery Ward & Co., Incorporated:

Current Account.....	\$21,242,555.26
Capital Stock—17,500 shares, \$100 par.....	<u>1,750,000.00</u>
	<u><u>\$22,992,555.26</u></u>

Comment:

Montgomery Ward Properties Corporation (a Delaware Corporation) has an authorized Capital of \$3,000,000 represented by 30,000 shares of \$100 par. Of this, 17,500 shares have been issued, all of which are owned by Montgomery Ward & Co., Incorporated.

The Company now owns free and clear of incumbrances, Land and Buildings at Kansas City, St. Paul, Portland, Oakland, Baltimore, Albany, Denver, Fort Worth, Oklahoma City, Spokane and Des Moines.

